



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 17, 1998

### **H.R. 3972**

**A bill to amend the Outer Continental Shelf Lands Act to prohibit the Secretary of the Interior from charging state and local government agencies for certain uses of the sand, gravel, and shell resources of the outer continental shelf**

*As ordered reported by the House Committee on Resources on August 5, 1998*

H.R. 3972 would amend the Outer Continental Shelf Lands Act to allow state and local government agencies to negotiate agreements with the Department of the Interior (DOI) to use sand, gravel, and shell resources from the outer continental shelf (OCS) for shore and beach restoration programs and other federally authorized construction projects without charge. Under current law, DOI cannot charge federal agencies for the use of these offshore resources, and the bill would extend free use of these resources to state and local governments. CBO estimates that enacting H.R. 3972 would result in the loss of offsetting receipts to the federal government of less than \$500,000 annually. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

Based on information from DOI, CBO estimates that future annual receipts from state and local governments using sand, gravel, and shell resources from the federally controlled OCS would be small, ranging from nothing to a few hundred thousand dollars per year. Most projects to replenish beach sand use dredged material from nearby state submerged lands rather than the OCS; however, there is increasing interest in this resource. Proceeds from the sale of this material are recorded as offsetting receipts to the Treasury; thus a loss of these receipts would increase direct spending. Because the bill would affect direct spending, pay-as-you-go procedures would apply, but the amounts involved would not be significant. By exempting state and local governments from fees that would otherwise be charged for sand, gravel, and shell resources, the bill would result in some small savings to state and local governments.

The CBO staff contacts are Kim Cawley (for federal costs), and Leo Lex (for the state and local impact). This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.